

Louisiana Property and Casualty
Insurance Commission
Louisiana Department of Insurance
P.O. Box 94214
Baton Rouge, LA 70802-9214
www.lds.gov

Louisiana Property and Casualty
Insurance Commission
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Senate Bill 721 - “Flex-Band”

Governor Foster has decided to let Senate Bill 721 become law without his signature.

The flex-band plan in Senate Bill 721 would allow insurance companies to raise or lower automobile and homeowners insurance rates by up to 10 percent a year without prior approval from the Louisiana Insurance Rating Commission (LIRC). The Department of Insurance’s actuary will determine if these increases are justified, and could rule against the increases after the fact. That would allow the insurance companies to appeal to the LIRC. Rate increases over 10 percent would still go before the LIRC for approval.

Many supporters of this bill believe the flex-band system will bring in more insurance companies, there by creating more competition and lowering the rates in the long run. In states that have adopted the flex-band system, there have not been automatic increases to the maximum allowed amount. Insurance Commissioner Robert Wooley, who has long supported flex-banding, said any increases must be justified by the department’s actuaries. Wooley stated it’s just not a case of everybody coming in for a rubber stamp on their 10 percent increase.¹

The state of South Carolina completed their flex-band system in 1999. South Carolina nearly doubled the number of companies writing in their state after adopting this system. This type of system also decreased the residual market to nearly zero, and made prices more competitive for the consumers. In the beginning, South Carolina did see rates increase, but they are leveling off and more companies are pouring into the state.²

Adopting a flex-band system was a recommendation by the Louisiana Property and Casualty Insurance Commission to the Legislature.

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LA Property & Casualty Insurance Commission Staff
Molly Quirk, Director
Terrell Moss, Research Analyst
Rana Johnson, Staff Support

The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.

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Source 1: P. Courreges & C. Gautreau. “Foster Gets Insurance Proposal”. *The Advocate*. June 3, 2003.
Source 2: Louisiana Property and Casualty Insurance Commission Annual Report 2002-2003

Automobile Safety

“I never saw that car,” is such a common statement to the police from drivers whose cars have been hit from behind or on the side by another vehicle traveling in the “blind spot”.

Most of these accidents could be avoided if people adjusted their side-view mirrors properly. People usually adjust their side mirrors so they can see the sides of their own car while sitting in the driver’s seat. You know the side of your car is there! By positioning your mirrors this way, a blind spot is created for cars passing you on either side.

*To adjust the left side-view mirror:
Rest your head against the driver’s side window and move the mirror until you can barely see the left side of your vehicle.*

*To adjust the right side-view mirror:
Lean towards the center of the vehicle (directly behind the rearview mirror) and move the mirror until you can barely see the right side of your vehicle.*

You won’t be able to see either side of your car from the driver’s seat but you will be able to see vehicles approaching from your rear on either side. Try this. It really works.

The vehicles will be in your side-view mirrors before they leave your rear-view mirror, and they will be in your peripheral vision before they leave your side-view mirror.¹

It may take a few days to adjust to these new mirror positions, but these simple adjustments work. Even if you decide to try these suggestions, always look carefully before you change lanes, back up or make a turn.

Source 1: Good Neighbor News First Edition 2003

Louisiana Property and Casualty Insurance Commission Members		
Commissioner Robert Wooley		Tom O’Neal
Jeff Albright	Representative Shirley Bowler	Theodore “Ted” Haik, Jr.
Cecile Bush	Representative Dan Morrish	Aubrey T. Temple, Jr.
Col. Jim Champagne	Terry Lisotta	Dan Boudreaux
Senator Donald R. Cravins	Cassandra Simms	Lt. Col. John LeBlanc
Senator Max Tatum Malone	Richard Clements	Chad Brown
Rodney Braxton	Sheriff Greg Champagne	Earl Taylor

OPEN CONTAINER BILL

Senate Bill 479 was killed for this session in the House, until it found new life in the Senate when it was amended onto House Bill 121.

The original bill would have made it illegal for all occupants of a car to have an open container of any alcoholic beverage in their possession. The current law only targets the driver. If stopped by the police, a driver who is drinking only has to hand off his drink to a friend in a passenger seat to get around the state law. Supporters of this bill were trying to close that large loophole. The bill includes exceptions to passengers in mobile homes 21 feet or longer, hired limousines, taxis, and chartered buses.

Of the 950 fatalities in the state last year, 447 were alcohol-related. Louisiana had the third highest rate of alcohol-related traffic deaths in the United States in 2001, according to the National Highway Traffic Safety Administration. Louisiana once again stands to lose \$8 to \$10 million per year in federal highway funds by not adopting a law that meets the federal mandate, Transportation Equity Act for the 21st Century Restoration (TEA-21). In Louisiana’s defense, there are restrictions in place in 187 cities and 18 parishes in the state. Some of these restricted areas include the cities of New Orleans, Gretna, and Slidell; and the parishes of East and West Baton Rouge, Jefferson and St. Charles.

Money is not the main reason to change the open container law, safety is. Drunk driving is dangerous and a very serious problem in the state of Louisiana. This was also a recommendation to the Legislature by the Louisiana Property and Casualty Insurance Commission to adopt an Open Container Law that complies with the federal mandate in order to stop the transfer of highway improvement funds.

The amended bill was returned directly to the House floor and the House members voted 53-46 to table the issue. This bill had an interesting history this session and will surely return next year for consideration.